



Watershed Services Transaction Demonstration Project

The Watershed Services Transaction Demonstration project is DNR's attempt to assess how watershed-based ecosystem services transactions can be realized as a new method of conservation. The project asks: what services are there, who is doing what, how much money are people benefiting from these services willing to pay forest landowners to implement practices that protect or improve watershed conditions, and how do we connect these in a monetary transaction. The initiative takes place in two Puget Sound watersheds, Nisqually and Snohomish, and will provide important information for entities that depend upon stable supplies of clean freshwater, healthy salmon populations, and/or flood protection, and that are looking for cost-effective approaches to sustain these ecosystem services. Like other pilot projects, this is a work in progress.

While Payments for Ecosystem Services systems have been explored or are currently underway around the world, Washington State launched this first-ever watershed services transaction demonstration project in 2011. In response to 2010 legislative direction and stakeholder recommendations, Commissioner of Public Lands Peter Goldmark incorporated this project into DNR's [Strategic Plan](#) as a means to help achieve working forest retention and protection. The project will test the feasibility of mutually beneficial financial incentives arising from ecosystem service markets or market-like arrangements, in which forest landowner-sellers engage in or maintain land management practices that provide ecosystem services. Such practices are secured or purchased by public or private entities ("buyers") that may be driven by public policy objectives, regulatory obligations, or desire for a "green" public image. The specific ecosystem services considered in this demonstration project include salmon health and habitat protection, and a range of watershed services important to water quality and/or quantity, including delivery of safe drinking water and stormwater protection. Therefore, this pilot project is intended to lead to the development of functioning innovative ecosystem service transactions on a broader scale.

In June, 2011, Commissioner Goldmark joined forces with The Northwest Environmental Forum (Forum), a service of the School of Environmental and Forest Science at the University of Washington to launch development of a successful forest watershed services market framework. At the Forum representatives of two key geographic watersheds, Snohomish and Nisqually, stepped forward as pilot areas for watershed services. A follow-up meeting with Forum participants identified a need for a credible summary of scientific knowledge related to watershed services in the pilot watersheds. Subsequently, Portland State University and the U.S. Forest Service collaborated to produce a review of scientific literature. This was presented at an April, 2012 Forum event.

Also, in April 2012, DNR received \$200,000 in grant funds from the Washington State Department of Ecology through its "Puget Sound Watershed Protection and Restoration" program for freshwater

ecosystems. Funds support project-specific staffing and development of supportive feasibility analysis, metrics, and transaction mechanisms for pilot watersheds. Both the Nisqually and Snohomish watersheds have also been awarded grant funding to partially support Watershed Services Transaction Demonstration Project activities.

More progress to come...

[US Fish & Wildlife Flyer](#)

[2011 DNR Progress Report to the Legislature](#)